

Practices of Training and Development of Employees in Creating a Customer Focus Culture in Banks in Saudi Arabia

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Abstract

This study aimed at illustration of the role of employee training and development in creating a culture of customer focus in banks in Saudi Arabia. The related data were collected through a questionnaire distributed to the employees of two banks operating in Riyadh (one foreign, one national). To conduct this study, the researchers used a descriptive analytical approach to discern the impact of the independent variables (training practices, methods and courses) on the dependent variable, which was "customer focus culture". The survey included questions related to ten hypotheses, each of which represented either a training practice or a training method. The findings of the data analysis showed that on-the-job training, the period of the training programme, off-the-job training, simulation-based training, video training, external training courses and internal training courses had a significant statistical relationship with customer focus, which led to the acceptance of hypotheses 1, 2, 3, 6, 8, 9 and 10. While communication training, practical and theoretical training, and lecture training had a weakly significant statistical relationship with customer focus, meaning that hypotheses 4, 5, and 7 could be rejected.

Keywords

HRM; HR Practices; Training and Development; Customer Focus; Banks in Saudi Arabia

Introduction

Over the past decade, several studies have examined the practices of human resources management (HRM) in organizations and the implementation effect of these on bank employees. In addition, this research has taken training and development as a part of HR practices by discussing those two practices broadly, in addition, this research will measure the effect of training on an organization. The research examines two banks in Saudi Arabia and how they apply training methods as a significant activity in HR.

Nowadays business organizations are working within a dynamic and turbulent environment characterized with globalization, open markets, huge information loads and easy communication. These characteristics make it a "heavier" competitive business environment that requires organizations to compete effectively in the market place. Such purpose leads organizations to thinking deeply about creation of a systematic approach which will enable them to accomplish their strategic objectives. To help managers in designing a business strategy, questions such as the following have to be answered:

- How do we compete in the market place?
- What do we need to differentiate our organization from others?
- What abilities and capabilities are required to achieve our organizational goals?

For the purposes of this study, the focus will be on the inculcation of a culture of customer focus in the hearts of employees of Saudi banks as a result of training that will be represented by achievement of customer satisfaction through the employees.

Employee training and development are parts of human resource management activities which, if they are linked to the strategic objectives of an organization, contribute effectively to the achievement of these objectives. In this regard, the literature indicates that, when convinced of the director, workers play a larger role in achieving the goals of their organization and this conviction must be translated into plans, policies and practices (Holbeche, 2009). Such plans and policies should include the quality of the employees to be hired, and how to strengthen their capacities and competencies through training and motivation. When this happens, it will meet more dedication to work by employees to

achieve the goals of the organization, through which the employees' personal goals are achieved. Furthermore, motivated employees will realize that customer service is the reason for their presence of the organization. Goals such as customer focus are the principle of other strategic organizational activities, such as quality control, pricing, human resources management, and production management, in accomplishment of the total quality management (TQM).

The Importance for the Study

Business organizations in this era are facing major challenges which could lead to the end of the existence of the organization and the removal of its name from the market. One of the greatest challenges is to attract and retain customers. Therefore, the focus on customer service has become a priority for organizations keen on survival and continuity, by re-weaving their cultural fabric to become a culture of "customer focus", to be practised by all members of the organization as a shared culture. This stems from the conviction of all managers that the customer is the reason for their existence as an organization, and they have to achieve the highest degree of customer satisfaction. The importance of this study lies in that it is looking at the role of training offered to staff and the quality of training programmes to ensure that they modify the behaviour of staff in their dealings with customers. This is an expression of organizational culture in a society that suffers from attitudes based on tribalism which sometimes call for metadata in dealing with others, as the case in most Arab countries, including Saudi Arabia. In addition, this study will enrich the Arabic library of studies regarding the importance of the customer regardless of the type of organization.

The Study Problem, Objectives and Study Questions

In real life we can find many organizations working in the same industry providing the same product or service, but one can easily observe that some of these organizations gain customers all the time, while others serve only a small number of group. This may be attributed to several reasons, such as the organization's proximity to places of residence, speed to provide a service, the availability of the goods or services over time, the way employees deal with the customers, and so on.

The study population is the banking sector in Saudi Arabia. It is known that most of the banking services are priced by the Saudi Arabia Monetary Fund

(SAMA), which means that charges, especially in the banking sector, become less competitive and, therefore, customer service acquires the first priority in this area. The best customer service leads to the best customer relationships and service depends strongly on the human element in an organization; which increases the attention of the organization towards its employees through the acquisition of the best applicants and training existing employees in order to achieve customer focus (Robbins & Coulter, 2005, p. 282).

From here we can formulate the problem of the study as follows: "Saudi Banks can achieve their organizational goals based on customer focus through employee training".

This Study Aims at the Following Objectives:

To identify the role of training played in the refinement of employees' skills and behaviours and further to direct them towards customer focus in Saudi banks.

To determine the most effective training and development methods which contribute to the achievement of customer satisfaction and loyalty.

The study problem will be discussed according to the following questions:

What are the methods of training and development applied by Saudi banks to enhance organizational goals towards customers?

What is the training quality that ensures the removal of the obstacles standing in the achievement of customer focus?

Research Methodology and Sampling

This study was conducted according to the descriptive analytical approach. This was carried out through reviewing the literature on training in order to present the theoretical side of the study, and then through the analysis of quantitative data to evaluate the role of training played in directing efforts and employees' behaviour towards customer focus.

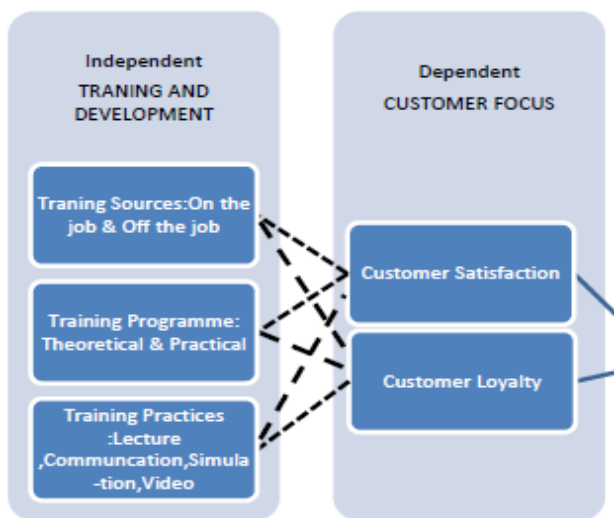
The population of this study composed of the employees in banks operating in Riyadh in Saudi Arabia, is represented by a sample of 300 employees from two banks, one national and one foreign.

Quantitative data were collected by a questionnaire distributed in the two banks through the cooperation of the HR managers in those banks, which was highly

appreciated by the researchers. Secondary data were collected from books and articles related to this theme. The number of questionnaires returned and suitable for analysis was 200 (67%), which is a good percentage.

Research Model

Before designing the research model, we must define for the reader the key variables of this research. The main independent variables are employee training and development and the main objective of this research is to reveal the role of these variables in achieving the goal of "customer focus". When customers deal with employees in Saudi banks, they are governed by some rigid cultural factors that may lead to a low level of openness in communication with others. Therefore, the following title for the dependent variable has been suggested: "customer focus culture". This title includes customer satisfaction and customer loyalty and how they can be achieved through employee training and development(*see illustration form below*).



The Research Hypotheses

This research was conducted according to the following hypotheses:

HA1: There is a significant statistical relationship between the on-the-job training approach in Saudi banks and directing employees' efforts towards customer focus.

HA2: There is a significant statistical relationship between the training programme period and achievement of customer satisfaction and loyalty in Saudi banks.

HA3: There is a significant statistical relationship between the off-the-job training approach and achievement of a customer focus culture among employees in Saudi banks.

HA4: There is a significant statistical relationship between communication training and achievement of a customer focus culture in Saudi banks.

HA5: There is a significant statistical relationship between the practical and theoretical training applied in Saudi banks as well as achievement of a customer focus culture.

HA6: There is a significant statistical relationship between simulation training and achievement of a customer focus culture among employees in Saudi banks.

HA7: There is a significant statistical relationship between lecture training and achievement of a customer focus culture in Saudi banks.

HA8: There is a significant statistical relationship between video training and achievement of a customer focus culture among employees in Saudi banks.

HA9: There is a significant statistical relationship between external training courses and achieving a customer focus culture in Saudi banks.

HA10: There is a significant statistical relationship between internal training courses and achievement of a customer focus culture in Saudi banks.

The Conceptual Framework and a Review of the Literature

In this section, the researcher will engage in a critical debate about the main variables of the study and how each variable affects the others. Our discussion will be conducted under two subheadings.

Employee Training and Development

The banking sector in any country forms the backbone of the economy, so that this sector is more sensitive than any other to the impact of environmental events, such as financial and non-financial crises and the intervention of monetary authorities. Globalization and its consequences have also imposed banks on the necessity to adapt themselves to a number of cultures, along with the diversity in the quality of these customers and their needs as well as expectations. Accordingly, the competition between banks, even in the same country, no longer relies on price and the

diversity of banking services provided by a bank. Nowadays, the effective factors of banking human capital. El-Bannany (2008) has pointed out that human capital contributes significantly to the success of business. From here, it can be addressed that the competition between banks has come to rely heavily on how the staff provides banking services efficiently for the customers to achieve the bank's goals and customer satisfaction at the same time. Ramlall (2002) has reported that this aspect has imposed new challenges on HRM in business organizations.

The above function requires HRM to conduct several analyses related to organization, task, and person. Therefore, most organizations find it appropriate and effective to continue training and development on a regular basis, which means that employees must be trained and developed continually to enhance or improve the quality of the contributions they make to the organization. The most important contribution of banks' employees in particular and those in service organizations in general, is their role in the quality of service that maintains customer satisfaction, which is linked with the behavioural practices of employees during the service delivery process (Yavas et al., 2004).

According to such a perspective, training and development activities must be designed based on the instructional design process. This systematic approach to developing training programmes requires the conduction of several steps and it must be emphasized that effective training practices involve more than just the selection of the most popular or colourful training methods. These steps are as follows.

Determining training needs: some authors have pointed out that HR managers are responsible at this stage for determining the true needs of training compared with the current capabilities of the workforce (Denisi & Griffin, 2005). While other researchers considered that the task of identification of training needs is handled by the training and development (T&D) manager in the organization, figure is suggested to illustrate the function of training and employee development and how to determine training needs (Laird & Holton, 2003).

This stage requires HRM to conduct several analyses – related to organization, task and person - to identify the development matters involved in training employees. Organizational analysis aims at ensuring the ability and availability of the organization's resources in order to transfer training programmes

competition have become geographic expansion, banking technology, and customer service by qualified from the trainer to the trainees and then to the workplace. In this regard, Salas and Bowers (2001) reported that the purpose of such analyses is to identify the system elements that may influence the effective delivery of training programmes in the interests of the trainees. Organizational analysis focuses on questions such as: Which of our goals can be achieved through personnel training? To what extent does each department in the organization need training (Arthur & Bennet, 2003)?

Task analysis first needs to know what skills and competencies are necessary for each task, and which of these skills and competencies are available in the organization. Therefore, it can be found that the questions asked by Arthur and Bennet (2005) are useful in this regard, whereby they described this stage through questions such as: What is necessary that the trainee learn in order to perform the job effectively? What will the training cover?

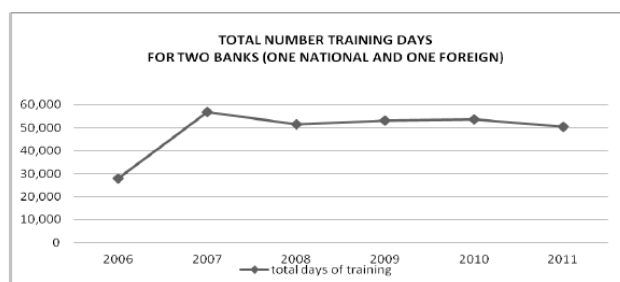
Person analysis includes an in-depth analysis to evaluate whether employees are ready to learn. Readiness for training refers to the personal characteristics of employees, such as ability, attitudes, beliefs and motivation.

Training can be on or off the job, or both. By using on-the-job training (OJT), organizations can provide training while performing a task in the actual workplace. With off-the-job training, organizations can use several methods to conduct a training programme, such as:

- a) Lectures in a classroom, by which the trainer and trainees exchange information and discuss the solutions to problem and technical skills.
- b) Videos are particularly appropriate for the demonstration of various skills.
- c) Simulations, such as experiential exercises, business games, and various computer-based exercises, are useful for teaching interpersonal, leadership, strategic management, customer focus and other complex skills (Schermerhorn et al., 2000, p. 131).

The figure above shows the orientation of employee training in two Saudi banks, divided into foreign and national, while the chart below shows an ascending trend for training in terms of the total number of days

spent on training courses, including all the banks' departments, during the years 2006-2011(see chart below).



Total number of training days
(taken from the banks' Annual Reports, 2011)

Customer Focus

The term "customer focus culture" is the dependent variable of this research. The literature contains several points of view on the concept of customer focus. Parvatiyar and Sheth (2001) have defined it thus:

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value (2001, p. 5)

One can conclude from this definition that customer focus is restricted to selected customers in terms of customer acquisition, customer retention, and customer service in order to create or add value for both the customer and the organization. Drucker (1999) has defined customer focus and satisfaction as follows: "It is the customer who determines what a business is. It is the customer alone whose willingness to pay for a good or for service converts economic resources into wealth, things into goods" (1999,p.56).

Here the researcher believed that the definition has focused on the fruits of the practice of the organization and on the policy of customer focus for both the organization and the customer. Organizations can sell their services to customers comfortably because these customers are willing to pay to a high level to gain those services.

There is a host of other researchers who have expressed the term "customer focus" as customer

satisfaction and customer loyalty. Customer satisfaction reflects the extent of the pleasure gained by customers due to their buying and using the products of the organization, as well as the complementary services associated with the purchasing process. The achievement of the highest degree of customer satisfaction is a vital goal, which organizations seek to achieve because the customer is the final judge of the products and services provided (Burk Wood, 2004, p. 267).

Organizations can achieve customer loyalty by increasing the degree of customer satisfaction. This can be achieved through a human resources strategy that makes customer focus part of the organizational culture, and which requires HR managers to work towards achieving employee satisfaction. Based on this approach, the highest degree of customer satisfaction can be achieved when the employees themselves are satisfied (Doukakis, 2002).

The implementation of the functions of CRM can increase the level of understanding in the organization with regard to customers' needs in order to satisfy them effectively, and helps the organization in the forecast of market trends. Organizations can also benefit through applying the activities of CRM in several areas, such as:

1. The functions of selling, marketing and servicing will be organized systematically, which makes dealings with different customers consistent.
2. The growth of the number of customers increases financial performance, as represented by indicators such as revenue, ROE (return on equity) and ROA (return on assets).
3. CRM enables organizations to increase labour productivity and eliminate the waste of time and funds, which in turn reduces labour costs (AL-Damen, 2006, p. 78).

However, customer focus from the perspective of the researchers is the direction of all activities exercised by all members of an organization for the benefit of the customers, and the creation of a shared understanding inside the organization that customers' interests do not conflict with the interests of the organization because the customer is the basis for the existence of the organization. In addition, these activities must be practiced both in the presence or absence of customers.

A Brief Overview of the Banking Sector in Saudi Arabia

The banking sector in Saudi Arabia consists of 13 Saudi-owned banks and eight branches of foreign banks. The banking sector in the Kingdom of Saudi Arabia is governed by the Saudi Arabia Monetary Fund (SAMA). The National Commercial Bank, the largest bank in the Kingdom is managed by the Saudi Government and operated according to Islamic Sharia.

Historically, there were considerable attempts to establish financial institutions which would not deal in usury (*riba*) in Malaysia in 1940 and in Pakistan in 1950. These attempts resulted in the establishment of the Dubai Islamic Bank in 1975 in order to provide banking services, financing, and investment structured on a non-usurious basis. This marked the start of the spread of Islamic banks in various parts of the world, even in non-Muslim countries.

Analysis and Discussion

The purpose of this section is to discuss the findings that have been reached through the quantitative data analysis of the material collected from the participants through the questionnaire used by the researchers to collect these data. This survey was conducted with employees of banks operating in Saudi Arabia (one national, one foreign) to establish their views on the role of employee training and development (practices, methods and programmes) in employment of a culture and policy of "customer focus". Therefore, the primary data have been subject to statistical analysis using SPSS (Statistical Package for the Social Sciences) software.

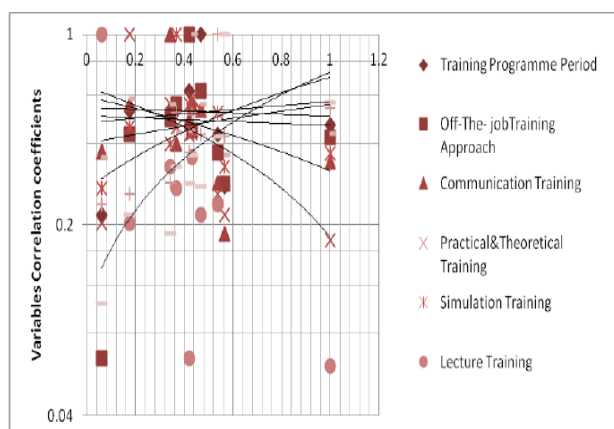


FIG.1 CORRELATION COEFFICIENTS

The main findings indicated that there is a relationship between all the training methods in terms of achievement of a "customer focus culture" in the banks, and figure 1 above shows that the person correlation coefficient for video training amounted to 0.539 and for internal courses 0.566.

Figure 2 below shows that there is a significant relation between training practices and the goal of "customer focus" at $p < 0.05$, for off-the-job training, on-the-job training, communication training, external training courses, and internal training courses. This also means that the participants believe that lecture training played insignificant role in the achievement of this goal.

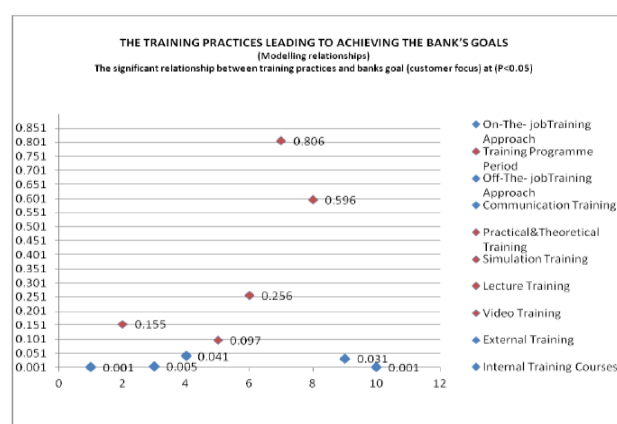


FIG.2 REGRESSION TEST

Figure 3 shows that Saudi banks have utilized several training methods and programmes to make customer focus a part of their organizational culture, mainly using off-the-job training as a means of training practice, practical and theoretical training, and external training courses. The training methods mainly used by the banks are simulation-based training and lecture training.

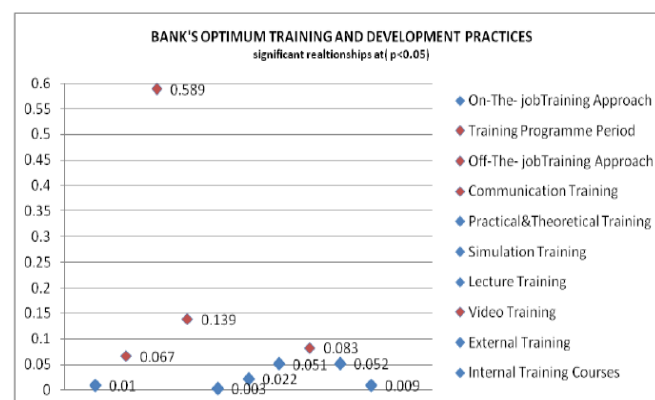


FIG.3 BANK REGRESSIONS

Discussion of the Testing of the Hypotheses

HA₁: There is a significant statistical relationship between the on-the-job training approach in Saudi banks and directing employees' efforts towards customer focus. The number of members who agreed or strongly agreed with the content of hypothesis No. 1 amounted to 155, which makes this hypothesis acceptable.

HA₂: There is a significant statistical relationship between the period of training programmes and achievement of customer satisfaction and loyalty in Saudi banks. The number of members who agreed or strongly agreed with the content of hypothesis No. 2 amounted to 115, which makes this hypothesis acceptable.

HA₃: There is a significant statistical relationship between the off-the-job training approach and achievement of a customer focus culture among employees in Saudi banks. The number of members who agreed or strongly agreed with the content of hypothesis No. 3 amounted to 130, making the hypothesis acceptable.

HA₄: There is a significant statistical relationship between communication training and achievement of a customer focus culture in Saudi banks. The number of members who agreed or strongly agreed with the content of hypothesis No. 4 amounted to 70, which leads to the rejection of the hypothesis.

HA₅: There is a significant statistical relationship between the practical and theoretical training applied in Saudi banks and achieving customer focus. The number of members who agreed or strongly agreed with the content of hypothesis No. 5 amounted to 95, which leads to the rejection of the hypothesis.

HA₆: There is a significant statistical relationship between simulation training and activation to achieve customer focus culture among employees in Saudi banks. The number of members who agreed or strongly agreed with the content of hypothesis No. 6 amounted to 135, making the hypothesis acceptable.

HA₇: There is a significant statistical relationship between lecture training and achieving a customer focus culture in Saudi banks. The number of members who agreed or strongly agreed with the content of hypothesis No. 7 amounted to 90, so we reject this hypothesis.

HA₈: There is a significant statistical relationship between video training and achievement of a customer focus culture among employees in Saudi banks. The number of members who agreed or strongly agreed with the content of hypothesis No. 8 amounted to 150, which leads to the rejection of the hypothesis.

HA₉: There is a significant statistical relationship between external training courses and achievement of a customer focus culture in Saudi banks. The number of members who agreed or strongly agreed with the content of hypothesis No. 9 amounted to 110, which leads to the rejection of the hypothesis.

HA₁₀: There is a significant statistical relationship between internal training courses and achievement of a customer focus culture in Saudi banks. The number of members who agreed or strongly agreed with the content of hypothesis No. 10 amounted to 170, which leads to the rejection of the hypothesis.

Recommendations

Despite the importance of internal training courses, the number of participants who agreed that these courses contributed to a shift towards a culture of customer focus amounted to 170 respondents out of 200. The researchers reveal that Saudi banks must pay more attention to external training courses, especially those to be held in reputable international banks, which will enable trainees to recognize the true meaning of customer focus. It may also lead to refuting some of the cultural values of Saudi society which prevent engagement in a culture of customer focus, as the number of respondents who agreed with the importance of external training courses in this aspect did not exceed 110.

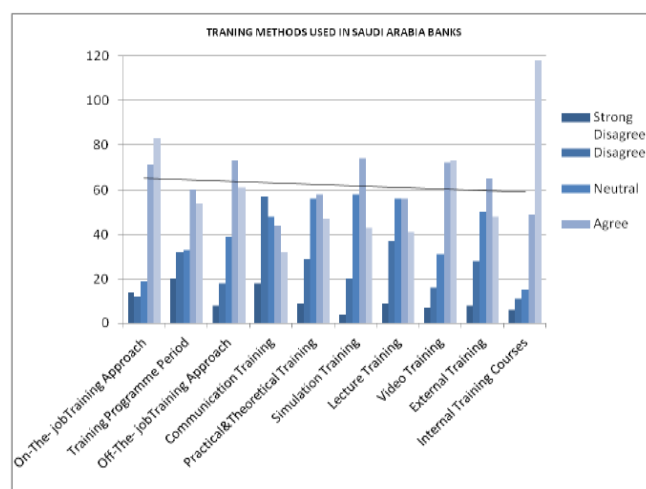


FIG.4 RESPONSE RANKING

Conclusions

For the importance of employee training and development, especially in the banking sector, this study aimed to discuss the role of employee training and development played in Saudi banks for the purpose of the achievement of a culture of "customer focus". Through reviewing the literature, the researchers are convinced that training practices, methods and courses could efficiently impact employees' performance and behaviour towards customer service. This study has tested ten hypotheses in this regard.

Quantitative data were collected through a questionnaire distributed to 200 employees from two banks operating in Riyadh in Saudi Arabia as a sample of the population. After analysis of these data using SPSS software, the findings were as follows:

- On-the-job training, the period of the training programme, off-the-job training, simulation-based training, video training, external training courses and internal training courses have a significant statistical relationship with customer focus, which means the acceptance of hypotheses 1, 2, 3, 6, 8, 9 and 10.
- Communication training, practical and theoretical training, and lecture training, have an insignificant statistical relationship with customer focus, which leads to the rejection of hypotheses 4, 5, and 7.

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